

Message Text

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FM SECSTATE WASHDC
TO AMCONSUL SAO PAULO
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

UNCLAS STATE 129972

E.O. 11652: N/A

TAGS: BPRO

SUBJECT: AUXILIAR CFF

1. FOLLOWING TELEX SENT MAY 16, 1978 TO BANCO AUXILIAR DE INVESTIMENTOS S.A., SAO PAULO, ATTENTION MR. HORST TIEDEMANN, DIRECTOR, QUOTE PLEASED TO ADVISE INCREASE OF YOUR BRAZIL CFF FROM U.S. DOLS 2.5 MILLION TO U.S. DOLS 4 MILLION AND REINSTATEMENT WITH AVAILABILITY DATE OF MAY 31, 1979. CONFIRMING LETTER FOLLOWS. AVAILABLE BALANCE UNDER YOUR LINE IS NOW APPROXIMATELY U.S. DOLS 2,195,730. WELLS FARGO INTERNATIONAL BANK (NEW YORK),
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YOUR FORMER CFF AGENT BANK, ADVISES US THAT THEY ARE NOT IN POSITION AT PRESENT TIME TO PARTICIPATE. AS CONSEQUENCE IT WILL BE NECESSARY FOR AUXILIAR TO IDENTIFY U.S. BANK WILLING TO TAKE 50 PERCENT PARTICIPATION IN AVAILABLE U.S. DOLS 2,195,730. U.S. BANKS CURRENTLY SERVING AS EXIMBANK AGENTS AND PARTICIPATING INSTITUTIONS FOR BRAZIL CFF PROGRAM ARE FOLLOWING: BANK OF AMERICA (SAN FRANCISCO); CHASE MANHATTAN (NEW YORK); CONTINENTAL ILLINOIS

(LOS ANGELES); CROCKER MID-AMERICA (CHICAGO); HARRIS BANK INTERNATIONAL (NEW YORK) AND MORGAN GUARANTY TRUST (NEW YORK). CONTACT ANY OF ABOVE BANKS IN ADDITION TO YOUR OTHER CORRESPONDENTS CONCERNING WILLINGNESS TO PARTICIPATE IN YOUR CFF LINE, IF YOU SO DESIRE. PLEASE

ADVISE ME BY TELEX AS SOON AS YOU IDENTIFY PARTICIPATING INSTITUTION. INTEREST RATES QUOTED YOU BY U.S. BANKS MUST INCLUDE 0.75 PERCENT EXIMBANK GUARANTEE FEE. BANCO CENTRAL DO BRASIL ADVISES US THAT THEY WILL NOT APPROVE INTEREST RATES GREATER THAN PRIME PLUS 1.875 PERCENT ON CFF SERIES "B" NOTES. YOU MAY ALSO WISH TO NOTE THAT EFFECTIVE MAY 11, 1978, EXIMBANK ELIMINATED MAXIMUM 2-1/2 PERCENT ALLOWANCE INTEREST RATE SPREAD TO FOREIGN BANKS ON CFF CREDIT AND GUARANTEED FUNDS. YOU MAY NOW CHARGE A RATE REFLECTING RISK AND ADMINISTRATIVE COST OF EACH TRANSACTION. WE TOOK THIS LAST STEP TO ENCOURAGE FOREIGN BANKS TO CONTINUE MARKETING CFF PROGRAM AND TO ASSIST IN FINANCING ADDITIONAL SMALL AND MEDIUM SIZED BUYERS. IF YOU HAVE ANY QUESTIONS OR NEED OTHER INFORMATION PLEASE CONTACT ME DIRECTLY. BEST REGARDS. SIGNED GEORGE DONEGAN EXIMBANK UNQUOTE. VANCE

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